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Testing League Sanctions

BY JOHN C. deWILDE

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Testing League Sanctions

BY JOHN C. deWILDE

with the aid of the Research Staff of the Foreign Policy Association

UNTIL recently the League of Nations was generally regarded incapable of taking effective action against a state guilty of aggression. The League Covenant's provisions for sanctions seemed to have only theoretical importance. Yet today, for the first time in its history, the League is applying economic and financial measures against an aggressor. Some fifty countries are engaged in a united effort to enforce peace. What will be the outcome of this experiment? Will Italy be compelled ultimately to withdraw from Ethiopia? Will the coercive measures taken by the League in the present case constitute a precedent and serve as a deterrent to other countries contemplating forcible expansion? The answers to these questions may determine the fate of the system of collective security embodied in the League Covenant.

The League of Nations was founded on the thesis that international peace and order could not be achieved unless all countries were pledged to come to each other's defense in case of attack. Article X of the Covenant accordingly imposed on every League member the duty "to respect and preserve as against external aggression" the territorial integrity and political independence of all other members, and Article XVI specified in detail the measures which should be taken against any nation resorting to war in defiance of the Covenant.

The obligation of League members to impose sanctions is confined to cases of war. If there is merely a threat of war, the League has the duty under Article XI to "take any action that may be deemed wise and effectual to safeguard the peace of nations," but this provision imposes no obligation on any member. Should any League member refuse to abide by an arbitral award or a judicial decision in an international dispute, the Council

must also, under Article XIII, "propose what steps should be taken to give effect thereto," but individual League members may apparently reject its recommendations. Even the specific measures prescribed by Article XVI are applicable only when there is resort to war in violation of obligations contained in Articles XII, XIII and XV of the Covenant. These articles require League members

(1) to submit any dispute likely to lead to a rupture either to arbitration or judicial settlement or to inquiry by the League Council, and in no case to go to war until three months after the arbitral award or judicial decision, or the report by the Council;

(2) not to go to war with any state which complies with an arbitral award or judicial decision or accepts a solution of the conflict proposed by the League Council or Assembly acting under Article XV of the Covenant.

In addition, sanctions must be applied against a state not a member of the League if it resorts to war against a League state after refusing to accept the obligations of membership for the purpose of the dispute.

ARTICLE XVI AND COLLECTIVE SECURITY

In theory, Article XVI provides for very severe sanctions. If a state resorts to war illegally, League members are obliged "immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking state, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking state and the nationals of any other state, whether a member of the League or not." This sanction would auto-

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matically impose complete isolation on the aggressor, involving severance of all diplomatic and consular relations, total cessation of trade and financial transactions and prohibition of all travel and communication by rail, ship, mail, telephone and telegraph. It would apply even to nationals of the aggressor state living in countries imposing the sanction. In addition League members have undertaken to prevent, presumably by blockade, all trade relations and intercourse between the aggressor and any states outside the League. Provision has also been made for military sanctions, although these were not made either automatic or obligatory. Article XVI simply imposes on the Council the duty to recommend "what effective military, naval or air force the members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League."

In practice, almost as soon as the Covenant went into effect the severity of these measures was mitigated. At the instance of the Assembly, the Council on February 22, 1921 appointed an International Blockade Commission to consider the application of sanctions. On the basis of a report by this Commission, the second Assembly adopted four amendments to Article XVI and a series of interpretative resolutions which, together, were to constitute "rules for guidance" in the application of sanctions until the amendments were adopted. For the most part these amendments simply clarified the operation of Article XVI, charging the Council with the duty of giving an opinion whether or not a breach of the Covenant had taken place and of recommending to the League members a date for the commencement of sanctions. The task of applying Article XVI was also simplified by confining the operation of sanctions to residents of the aggressor state. One amendment, however, definitely weakened the obligation to impose coercive measures. It empowered the Council, in the case of particular League members, to "postpone the coming into force of any of these measures for a specified period where it is satisfied that such a postponement will facilitate the attainment of the object of the measures . . . or that it is necessary in order to minimise the loss and inconvenience which will be caused to such members."

The principal changes in Article XVI were made by the interpretative resolutions passed at the same time. They not only left "each member of the League to decide for itself whether a breach of the Covenant has been committed," but definitely opened up the possibility of applying graduated

measures of pressure instead of isolating the aggressor completely from the very beginning. In fact, the Council was charged with the responsibility of recommending what economic and financial measures might be taken in specific cases. The possibility of retaining consular and diplomatic relations with the aggressor and of exempting food supplies from the trade embargo was specifically mentioned.¹

The 1921 amendments to the Covenant were never ratified by the requisite number of League members; but together with the supplementary resolutions, they continued to be regarded, not without some protest,² as a valid interpretation of Article XVI.

Even thus modified, Article XVI did not become a reality. States continued to rely for their security on powerful armaments and a network of alliances. If any hope in the practical possibility of applying sanctions remained, it was almost entirely dissipated by the League's failure to arrest Japan's invasion of China and to stop the protracted war in the Chaco.

Sanctions were never seriously contemplated in the Sino-Japanese conflict, although the report of the Lytton Commission and the final report on the dispute adopted by the Assembly on February 24, 1933 clearly intimated that Japan had violated Articles X and XII of the Covenant. Neither France nor Britain, both preoccupied with domestic troubles and European politics, considered their interests sufficiently involved to warrant the risk of applying coercive measures to a country remote from Europe. The fact that no state of war in the strict legal sense existed at any time between Japan and China afforded them a welcome excuse for not regarding Japan as having illegally resorted to war in violation of its Covenant obligations.

By contrast, the League actually broached the question of applying sanctions in the Chaco war between Bolivia and Paraguay. On May 19, 1934 the Council unanimously recommended an arms embargo against both belligerents.³ Although 28 countries ultimately acted, this measure came too late to be effective.⁴ On November 24 the Assembly, acting under Article XV of the Covenant,

1. For the text of the amendments and resolutions adopted by the Assembly in 1921, cf. League of Nations, *Reports and Resolutions on the Subject of Article XVI of the Covenant* (A.14.1927.V).

2. Cf. the report submitted in 1926 to a Committee of the Council by M. de Brouckère of Belgium. *Ibid.*, p. 65; also the report on Articles X, XI and XVI of the Covenant made by M. Rutgers in 1928, League of Nations, *Official Journal*, May 1928, p. 679.

3. League of Nations, *Official Journal*, July 1934, p. 766.

4. *Ibid.*, November 1934, pp. 1610-11.

adopted its final report and recommendations on the dispute, which Bolivia accepted.⁵ When Paraguay rejected the report and continued hostilities, the League seemed confronted with a breach of the Covenant calling for application of sanctions. War in the legal sense definitely existed this time, for Paraguay had declared war as early as May 10, 1933. When the Advisory Committee set up by the Assembly to follow the dispute recommended on January 16, 1935 that the arms embargo be lifted against Bolivia,⁶ it definitely implied that Paraguay was continuing the war in violation of the Covenant. Ultimately 21 countries did lift the embargo against Bolivia.⁷ In a session held at Geneva on March 11-15, 1935 the Assembly Committee examined the application of Article XVI, but recommended no further action. The attitude of countries bordering on the belligerents proved decisive. Argentina, Uruguay, Chile and Peru all opposed sanctions. As for the European powers, Great Britain seemed unwilling to go beyond the arms embargo and France merely acquiesced in any action the states adjoining Bolivia and Paraguay might wish to take. The net result of the debate was a decision to summon the Assembly for May 21 "to consider the question of the subsequent application of the Covenant."⁸ The Assembly, however, never met this issue, preferring to entrust a group of South American states with the solution of the Chaco conflict.⁹

PENALTIES IMPOSED ON ITALY

In view of the League's failure to apply any but the mildest sanctions in previous cases, the invocation of Article XVI in the Italo-Ethiopian war seemed surprising. As the Italian delegate, Baron Pompeo Aloisi, asked in the Assembly on October 11: "Why two weights and two measures?"

The League's decision to enforce the Covenant against Italy was largely due to the energetic initiative taken by the British government. Hitherto Great Britain had been very reluctant to undertake definite commitments to check aggression. Italy's venture in Ethiopia, however, jeopardized important British interests¹⁰ and made the government realize that maintenance of the system of

collective security was vital to the British Empire. The British had also become increasingly alarmed over the resurgence of a powerful and intensely nationalistic Germany, and apparently felt that unless Mussolini were checked, Hitler might also resort to arms. An unofficial peace referendum conducted earlier in 1935 had revealed to the government that the British public stood almost solidly behind the League.¹¹

Other members of the League supported Britain's initiative for a variety of reasons. With few exceptions the small countries, anxious about their own security, eagerly accepted the chance to revitalize the League of Nations and to set a precedent by collective action against an aggressor. The Little Entente and the Soviet Union rallied to the defense of the Covenant primarily as a warning to Germany.¹² And the French government was persuaded, not without reluctance, to stand by the Covenant, apparently because it realized that France would never be able to invoke collective action against Germany unless it also supported the League in cases where its interests were not vitally involved.

Once the will to apply sanctions existed, the League did not permit legal obstacles to stand in its way. As soon as the Italian invasion of Ethiopia had been reported to Geneva, the Council on October 5 appointed a committee of six members to consider the situation.¹³ Although war had not been declared and the circumstances were not very different from the previous Japanese invasion of China, this Committee did not engage in a long dispute about the definition of war. It merely established that Italian troops had crossed the frontier into Ethiopia and that hostilities had begun before the Council had made its final recommendations in the dispute. From these facts it reached the conclusion that the Italian government had "resorted to war in disregard of its covenants under Article XII of the Covenant of the League of Nations."¹⁴ On October 7 all the members of the Council except Italy expressed agreement with these conclusions.¹⁵ In thus establishing the existence of war on the basis of objective facts and without reference

11. *Ibid.*

12. Cf. Verbatim Record of the Sixteenth Ordinary Session of the Assembly, *Seventh Plenary Meeting*, p. 3; also Dean, "The League and the Italo-Ethiopian Crisis," cited.

13. League of Nations, Eighty-ninth Session of the Council, *Minutes of the Fifth Meeting*.

14. League of Nations, *Minutes of the Council*, Eighty-ninth Session, Seventh Meeting. The Council Committee may have been influenced by President Roosevelt's proclamation of October 5 recognizing the existence of war between Italy and Ethiopia.

15. League of Nations, Eighty-ninth Session of the Council, *Minutes of the Seventh Meeting*.

5. *Ibid.*, Special Supplement No. 132, pp. 33-34, 43-51.

6. League of Nations, *Report of the Advisory Committee*, Doc.C.125.M.63.1935.VII.

7. Cf. League of Nations, *Official Journal*, Special Supplement No. 134, pp. 62-69.

8. League of Nations, Records of the Proceedings of the Advisory Committee, *Official Journal*, Special Supplement No. 134.

9. *Ibid.*, Special Supplement No. 135, pp. 35-41.

10. V. M. Dean, "The League and the Italo-Ethiopian Crisis," *Foreign Policy Reports*, November 7, 1935, p. 214.

to any preliminary declaration of war, the League created an important precedent. Henceforth, any form of organized hostilities or invasion of a country may be regarded as "war" within the meaning of the Covenant.

The League required only nine days to determine what sanctions to impose on Italy. On October 10 the Assembly recommended the creation of a committee composed of one delegate from each state to coordinate the measures to be taken under Article XVI.¹⁶ A smaller Committee of Eighteen and a number of subcommittees examined and elaborated the various proposals for sanctions. By October 19 the Coordination Committee had adopted a series of measures contained in four major proposals:¹⁷

1. An embargo on the shipment of arms, ammunition and implements of war to Italy and Italian possessions. This was drafted to cover the same articles as the embargo proclamation issued by President Roosevelt on October 5, with the addition of powders for war purposes and explosives.

2. The prohibition of all direct and indirect loans and credits, including commercial credits, to the Italian government or to any corporation, public authority or individual in Italian territory. It does not bar the transfer of funds to Italy, such as remittances by Italian emigrants, payments owed for Italian shipping services, and proceeds from Italian holdings of foreign securities and other foreign assets. A subcommittee of financial experts rejected a proposal to suspend interest and amortization payments on Italy's foreign investments,¹⁸ perhaps from a justifiable fear that Italy, which is still a net debtor nation, might effectively retaliate by shutting off the income from foreign investments in Italy. It would probably have been difficult, if not impossible, to prevent Italy from building up credits abroad through the sale of Italian holdings of foreign assets.

3. An embargo on imports of all goods consigned from or grown, produced or manufactured in Italy or Italian possessions. Gold or silver bullion and coin, printed matter, maps and sheet music were excepted. Exemptions of minor importance were allowed by a special subcommittee for deliveries in pursuance of certain contracts on which partial payments had been made before October 19.¹⁹

4. An embargo on exports to Italy of certain articles the production or supply of which is controlled in whole or major part by League members. These

include all transport animals such as horses, mules and donkeys; rubber; and a long list of essential minerals—bauxite, aluminum and alumina, iron ore and scrap-iron, chromium, manganese, nickel, titanium, tungsten, vanadium, their ores and their alloys, tin and tin ore. League members were asked to take measures insuring that these articles, when exported to a country other than Italy, would not be re-exported directly or indirectly to Italy.

LACK OF COMPLETE COOPERATION

That more sweeping sanctions were not adopted was due in part to the absence of the United States and Germany from the League and the refusal of two League members—Austria and Hungary—to participate in measures against Italy.²⁰ Arms shipments could be prohibited effectively, because the American and German²¹ governments imposed a similar embargo against both belligerents, while Austria and Hungary are forbidden to export arms by the treaties of Saint-Germain and Trianon.²² Such was not the case with economic measures. With the exception, perhaps, of military action, the cessation of all exports to Italy would have been the most effective sanction. Italy is very poor in raw materials, lacking such essentials as coal, oil, iron ore, copper, rubber, cotton, manganese, nickel, tin, chrome and tungsten.²³ Although nearly self-sufficient in cereals, it needs to import at least part of its food supply, especially vegetable oils.^{23a} Yet if League members had stopped all their own exports to Italy, the result might merely have been the diversion of Italian import trade to other countries which would thus have benefited from their failure to apply sanctions. A naval blockade of the Italian coasts would have been only a partial remedy of this situation, for it would not have prevented Italy from importing goods overland via Austria and Germany. League members might have prevented an increase in their own shipments to Germany, but they would not have been able to ration United States exports to that country

20. Albania, and later Paraguay, also declined to apply sanctions, but their refusal to cooperate was not important.

21. *New York Times*, November 13, 1935.

22. Cf. statement of the Austrian Minister of Foreign Affairs, *New York Times*, November 14, 1935. This legal prohibition may not deter the Austrian arms factory at Hirtenberg from supplying Italy.

23. Evans Clark, editor, *Boycotts and Peace* (New York, Harper, 1932), pp. 330-33; also Sir Thomas Holland, *The Mineral Sanction as an Aid to International Security* (London, Oliver and Boyd, 1935), p. 50.

23a. Although Italy is a large producer of olive oil, it imports considerable quantities of oil seeds and copra, and a smaller amount of animal fats. Cf. "Les Sanctions Economiques et les Sources d'Approvisionnement de l'Italie," *Journal des Nations*, November 6, 1935.

16. Dean, "The League and the Italo-Ethiopian Crisis," cited, p. 222.

17. League of Nations, Coordination Committee, *Principal Documents of the First Session*.

18. *Journal des Nations*, October 13, 14, 1935.

19. These include 19 contracts covering articles valued at 1.5 per cent of Italian exports in 1934. Cf. *New York Times*, November 14, 1935.

unless they had extended the blockade to the Baltic and North Seas. The economic sanctions were therefore confined to an embargo on imports from Italy, supplemented by a measure prohibiting the exportation of certain "key" articles useful in the prosecution of hostilities. From the list of banned articles League members had to omit such essential products and raw materials as iron and steel, of which Germany and the United States are large producers; coal, of which Germany controls a large supply; and copper, cotton and petroleum, which are exported in large quantities by the United States. On November 6 the Committee of Eighteen recommended extension of the embargo to petroleum and its derivatives, iron and steel, coal and coke as soon as the conditions necessary to make it effective should be fulfilled.²⁴ Obviously, this will be the case only if the United States and Germany are ready to cooperate. Although the American government has been discouraging exports of oil and other essential raw materials to the belligerents, it will not be able to cut off such exports completely until Congress grants the necessary authority. On November 12 the German government instituted an export licensing system for a wide range of commodities including many raw materials, but this measure is apparently intended only to prevent abnormally large exports which might produce scarcity within Germany.²⁵

The application of sanctions raised two additional difficulties: one involving the question of exemptions for League members in special circumstances, the other the problem of compensating countries likely to suffer severely from applying such economic measures. The Assembly resolutions of 1921 had specifically envisaged the possibility of partially or wholly exempting League members from the obligation to apply the measures stipulated in Article XVI. A number of countries consequently claimed exemption. The most important of these was Switzerland. The Swiss delegate, M. Stucki, declared that Switzerland would be unable to exclude imports from Italy owing to special circumstances arising from the traditional neutrality of his country, the importance of Swiss trade with Italy, and the existence of a large Italian-speaking population in Switzerland.²⁶ Although the Swiss government promised to keep trade with Italy from rising beyond the normal volume, its action kept open a market in which Italy sold 8.1

per cent of its exports in 1933. Switzerland also invoked its neutral status as a justification for extending its arms embargo to Ethiopia as well as Italy.²⁷

Certain Latin American members have also made reservations, although none, with the exception of Paraguay, has refused to apply all the sanctions. The government of Argentina, which absorbed 6.4 per cent of Italy's exports in 1933, replied to the League on October 31 that, while it had complied with the other measures recommended by the Coordination Committee, it could not embargo imports from Italy without obtaining the authorization of Congress.²⁸ Since the political situation in Argentina is troubled and the government does not appear anxious to apply sanctions,²⁹ it is unlikely that Congress will be convened before the regular session scheduled in May. Nor have the governments of Venezuela, Uruguay and Peru taken steps to carry out the economic sanctions.^{29a} Although these abstentions—particularly in the case of Argentina and Switzerland—seriously weaken the efficacy of collective action against Italy, the Coordination Committee has seemed impotent to take any measures which might induce these delinquent League members to live up to their Covenant obligations. It could hardly invoke sanctions to enforce sanctions.³⁰

While some countries freed themselves entirely of the onus of sanctions, others sought compensation for heavy losses they might suffer from an embargo on Italian products. Among these were Yugoslavia, Greece and Rumania, all of which sell a considerable portion of their exports in Italy.³¹

27. In a session of the Committee of Eighteen held on November 2 the French representative, supported by others, contested Switzerland's stand and declared it should not be considered a precedent. Cf. League of Nations, *Information Section Communiqué*, November 2, 1935.

28. *Journal des Nations*, November 2, 1935.

29. The Argentine delegate, M. Ruiz Guinazu, intimated before the Committee of Eighteen on October 14 that constitutional limitations and the presence of a large number of Italians in Argentina might prevent the application of sanctions. Cf. League of Nations, *Information Section Communiqué*, October 14, 1935.

29a. The Chilean government replied to the League that it could apply the embargo on imports from Italy only after a delay of 50 to 60 days. Cf. *Journal des Nations*, October 31, 1935.

30. The Soviet representative, M. Potemkin, suggested at a session of the Committee of Eighteen on October 12 that pressure be applied to "deserters" of the League and that exports and credits to states not participating in sanctions be limited to the normal pre-war volume. Cf. *Journal des Nations*, October 13, 14, 1935.

31. In 1933 Yugoslavia marketed 21.5 per cent of its exports in Italy; Greece, 16.5 per cent; and Rumania, 9.3 per cent. In the same year Yugoslavia took 15.9 per cent of its imports from Italy; Greece, 6.1 per cent; and Rumania, 10.2 per cent. League of Nations, *International Trade Statistics 1933* (Geneva, 1934).

24. League of Nations, *Information Section Communiqué*, November 6, 1935.

25. *New York Times*, November 13, 1935.

26. Cf. declarations by M. Stucki before the Economic Subcommittee on October 17 and 18, *Journal des Nations*, October 18, 19, 1935.

They feared that without some form of compensation, loss of the Italian market would deal a severe blow to their economic life. They based their claims to equalization of sacrifices on paragraph 3, Article XVI of the Covenant, which pledges League members to "support one another in the financial and economic measures which are taken under this Article, in order to minimize the loss and inconvenience resulting from the above measures. . . ." To satisfy them, a special subcommittee elaborated a series of proposals which were adopted by the Coordination Committee on October 19.³² Consideration of financial compensation, originally proposed by Greece and Rumania but opposed by Great Britain, was indefinitely deferred unless the other measures recommended should prove inadequate. The members of the League agreed to take appropriate steps to replace imports from Italy with similar products of states participating in sanctions. They further undertook to enter into commercial negotiations with League members which had suffered as a result of sanctions in order to offset, as far as possible, any loss of Italian markets. To this end they promised to consider reducing their imports from League members like Austria and Hungary which had refused to abide by their obligations under Article XVI and might therefore increase their trade with Italy. On the advice of the subcommittee of jurists it was agreed that League members granting special and temporary trade concessions in pursuance of their obligations under Article XVI would not be compelled by the most-favored-nation clause in commercial treaties to extend them to other countries.³³

WILL SANCTIONS CHECK ITALY?

What conclusions may be drawn from the League's venture into collective action? Sanctions may be said to have two objects. The first is to bring the illegal war to an end and to punish the aggressor for having undertaken it. The second is to set a precedent which will act as a deterrent to other countries which might be tempted to launch aggressive wars in the future. Are the sanctions applied to Italy calculated to achieve these objects?

Little need be said regarding the effect of the arms embargo and the financial sanctions. The prohibition of arms shipments will probably not seriously inconvenience Italy, whose exports of arms and ammunition usually exceed its imports.³⁴

32. For the text, cf. Coordination Committee, *Principal Documents of the First Session*, cited, p. 9.

33. For the opinion of the jurists, cf. *ibid.*, p. 11.

It will, nevertheless, prevent the Italian government from drawing on foreign countries to satisfy its growing wartime needs.³⁵ Since Italian credit had already fallen very low and trade transactions with Italy had been almost entirely restricted to a cash basis, the decision of League members to withhold further loans and credits from Italy has hardly done more than ratify the existing situation. Without the application of financial sanctions, however, Italy might have been able to obtain credits indirectly through the exchange clearing agreements it had concluded with many countries.

The economic sanctions which became effective on November 18 are unlikely to compel the cessation of hostilities in the near future. Italy has resources which will enable it to continue its present volume of imports for more than a year. While the embargo on Italian exports will undoubtedly make serious inroads on the country's supply of foreign exchange, this measure affects only 60 per cent of Italy's total export trade. Austria, Hungary, Switzerland and Argentina, as well as the United States, Germany and Brazil, will not apply the embargo; together they account for about 40 per cent of Italy's exports. On the basis of 1934 export figures, it is estimated that Italy will continue to receive about 2,100 million lire per year from its export trade.³⁶ If the same quantity of imports are required as in 1934, this will mean a deficiency in foreign exchange of approximately 5,600 million per year. This deficiency, however, can be made up from other sources. In 1932 Italy derived a net sum of 830 million lire from foreign tourists and about 910 million in remittances from its emigrants.³⁷ Although the Ethiopian war has brought about a sharp drop in tourist traffic, these two items should yield Italy at least 1,100 million lire in foreign exchange in the course of one year. In addition, the Bank of Italy possessed on October 20, 1935 about 4,315 million lire in gold and foreign exchange. Since the Italian government has imposed a very strict control over all transactions in foreign exchange, the gold reserves of the central bank can probably be used almost entirely for imports without producing a serious depreciation of

34. In 1933 exports were valued at 27,865,900 lire and imports at 2,748,800. The corresponding figures for 1934 were 31,222,500 and 6,056,400 lire. Cf. League of Nations, *Statistical Year-Book of the Trade in Arms and Ammunition* (Geneva, 1935), p. 117.

35. According to the German *Institut für Konjunkturforschung* (*Wochenbericht*, October 2, 1935), Italian imports of arms and ammunition rose sharply in the first half of 1935.

36. That is, 40 per cent of 5,231.5 million lire, the total imports in 1934.

37. For figures on the Italian balance of international payments, cf. V. M. Dean, "The Economic Situation in Italy: Italy in the World Crisis," *Foreign Policy Reports*, January 30, 1935.

the lira. Finally, Italy can fall back on its last reserve—Italian holdings of foreign securities, bonds and other assets which may be sold abroad. Italian sources value these at from five to seven billion lire.³⁸ While this estimate may be somewhat too high³⁹ and a large portion of the assets may not be readily marketable,⁴⁰ they would probably yield the Italian government two or three billion lire if necessary. Thus the government will be able to mobilize at least 7.5 to 8.5 billion lire in foreign exchange to offset a threatened export deficiency of 5.6 billion.

The foregoing analysis assumes that Italy will need to import as much in the course of the next year as in 1934. Imports, however, can and probably will be reduced. The purchase of non-essential goods abroad may be further restricted, and the consumption of raw materials and foodstuffs may be limited. Already the supply of meat has been rationed and steps have been taken to conserve fuel. Moreover, reserves of raw materials in Italy are probably considerable. Industries normally carry supplies of raw materials adequate for several months, and figures showing increased imports suggest that additional reserves have been accumulated. Imports of raw materials have risen from 2,981 million lire in 1932 to 3,460 million in 1934. In the first eight months of 1935 imports of a number of materials needed for war purposes showed further substantial increases, as indicated in the following table:⁴¹

ITALIAN IMPORTS OF RAW MATERIALS

(in quintals)	First Eight Months of	
	1935	1934
Coal*	9,484,486	7,583,438
Petroleum	939,888	835,905
Benzine	2,527,064	2,092,126
Scrap Iron	5,988,521	4,774,580
Raw Iron and Steel	1,009,146	911,063
Copper	557,852	383,629
Lead	164,093	23,831
Zinc	37,667	10,728
Cellulose	2,196,759	1,667,842
Tin	38,732	26,295

*In tons.

Statistics on recent imports are available for only a few of the articles whose exportation was banned

38. Association of Italian Corporations, *Business and Financial Report, A Monthly Survey of Italian Trade and Industry*, October 1, 1935.

39. In an article entitled "L'Italie en face des Sanctions," *La Situation Economique et Financière* (Paris, October 18, 1935) places the foreign assets that can be requisitioned at about three billion lire.

40. *The Economist* (London, October 12, 1935) suggests that only a small part of the assets are liquid.

41. *Bollettino Mensile di Statistica dell'Istituto Centrale di Statistica del Regno d'Italia*, September 1935, p. 741.

by the League, but these indicate that Italy has probably accumulated supplies sufficient to last for some time.

Under the circumstances, the sanctions so far applied may not seriously handicap Italy unless the Ethiopian war is protracted well into the next year.⁴² The longer the war lasts, the more effective sanctions will become. This would be particularly true should League members, with the cooperation of the United States and Germany, embargo oil and coal, of which Italy needs large quantities. At the same time, however, strong internal opposition to sanctions may develop in the League states. Groups and individuals interested in trade with Italy will protest that sanctions bring economic ruin, and their protests may be difficult to resist, particularly if sanctions do not promptly stop the war. The Italian government has already served notice that it will retaliate against all countries applying sanctions.⁴³

Even should sanctions, in practice, prove incapable of stopping war in the near future, they need not necessarily be discarded as totally ineffective. In so far as they impose heavy sacrifices on Italy, they do have a punitive effect and may make the Ethiopian campaign wholly unprofitable. A sustained boycott of Italian goods will produce economic dislocation and gravely injure the industries and trades usually dependent on exports. It may compel Italy to part with a large portion of its gold supply and investments abroad, thus crippling the country's purchasing power for a long time to come. No country will shoulder such sacrifices lightly.

SANCTIONS AND THE PREVENTION OF WAR

To what extent can the sanctions applied to Italy be relied upon to deter other countries from aggression? The answer to this question depends not only on the efficacy of the sanctions but also on the likelihood of their application in the future. No one can foretell accurately how effective sanctions would be when applied to other countries. A trade boycott would affect some powers severely and others very little. The following table indicates roughly the importance of export trade in the economic life of various countries compared with the United States:⁴⁴

42. Cf. "L'Italie en face des Sanctions," cited; and Arthur Salter, "Ce Que Peuvent Faire les Sanctions," *Journal des Nations*, October 22, 1935.

43. For the text of the Italian note protesting against sanctions, cf. *New York Times*, November 13, 1935.

44. Evans Clark, editor, *Boycotts and Peace*, cited, p. 206. The index is based on the number of days' wages represented by the value of exports per worker gainfully employed.

RELATIVE IMPORTANCE OF FOREIGN TRADE

Country	Degree of Dependence on Export Trade
United States	1.0
Poland	1.1
Japan	1.8
Spain	2.0
Italy	2.4
Germany	2.6
Czechoslovakia	3.5
France	3.7
Sweden	4.7
United Kingdom	5.1
Belgium	9.5
U.S.S.R.	Low

Thus the Soviet Union, the United States and Poland would suffer much less than other countries if their exports were cut off. The effect of a concerted embargo on exports of raw materials and foodstuffs to an aggressor would depend on the extent to which the latter can make itself self-sufficient in time of war. A recent study of this subject leads to the following conclusions:⁴⁵

1. The United States could be almost entirely self-sufficient and would have difficulty only in obtaining rubber, chromium, tin and antimony.

2. The Soviet Union would lack only rubber, nickel, tungsten, antimony, tin and some aluminum.

3. Great Britain would need foodstuffs and many raw materials, but as long as commercial channels with the British Empire remained open, it would lack adequate supplies only of petroleum, sulphur, cotton, potash, phosphates, antimony and mercury.

4. France, even together with its colonies, would require from abroad petroleum, copper, lead, sulphur, cotton, zinc, rubber, manganese, tungsten, wool, tin and mercury.

5. Germany would depend on the outside world at least partially for food, and wholly or substantially for petroleum, copper, lead, sulphur, cotton, aluminum, rubber, manganese, nickel, chromium, tungsten, wool, phosphates, antimony, tin, mercury and mica.

6. Italy would need, and needs today, some food and such essentials as iron and steel, coal and petroleum, and copper, cotton, rubber, manganese, nickel, chromium, tungsten, wool, potash, phosphates, tin and mica.

7. Japan would require iron, petroleum, lead, cotton, aluminum, zinc, rubber, manganese, nickel, wool, potash, phosphates, antimony, tin and mercury.

This summary demonstrates that with the exception of the United States, the Soviet Union and the British Empire, all other countries would be seriously handicapped by an embargo on raw materials. The efficacy of such an embargo will remain in doubt, however, so long as the cooperation of the

45. Brooks Emeny, *The Strategy of Raw Materials* (New York, Macmillan, 1934).

United States, itself so rich in these materials, is not assured. Moreover, the possibility of an embargo will not deter from aggression any country which is convinced it can bring a war to a successful conclusion within a short time, or has in advance accumulated large stocks of essential materials.

Economic sanctions might be much more effective if they were preventive; that is, if they were imposed before, rather than after, the beginning of hostilities. Under the Covenant, League members are obliged to take action only after a state has gone to war in violation of its undertakings. Thus Italy could deliberately and openly prepare its campaign against Ethiopia without danger of restraint by the League. Yet the Covenant does confer on the League the power—although not the obligation—to take preventive measures. If there is a threat of war, the League is authorized by Article XI to “take any action that may be deemed wise and effectual to safeguard the peace of nations.” Since last April, when the Council considered Germany’s repudiation of the disarmament provisions of the Versailles Treaty, a League committee has been studying what measures might be taken under Article XI against a power threatening to break the peace.⁴⁶

The doubtful effectiveness of economic measures directed against an aggressor has produced many schemes to implement these sanctions by military action. They have taken the form of proposals for a League army or police, and of bilateral and multilateral treaties of mutual assistance. The idea of an international army to uphold the Covenant of the League has captured the imagination of many individuals⁴⁷ and is being actively propagated by a British society known as The New Commonwealth. Both at the Paris Peace Conference in 1919 and at the Disarmament Conference in 1932 the French government proposed to equip the League with an armed force.⁴⁸ It must be admitted, however, that many obstacles must be surmounted before an international army can become a reality. Probably the only practicable way in which military action can be undertaken against an aggressor is by means of bilateral pacts of mutual assistance

46. For the work of this committee, known as the Committee of Thirteen, cf. League of Nations, *Report on the Work of the League since the Fifteenth Session of the Assembly*, Part II (A.6(a).1935), pp. 13-17.

47. Cf., for instance, David Davies, *The Problem of the Twentieth Century* (New York, Putnam, 1931), and the publications of The New Commonwealth Institute.

48. Cf. David H. Miller, *The Drafting of the Covenant* (New York, Putnam, 1928), Vol. I, p. 207, and Vol. II, pp. 460 et seq.; League of Nations, Conference for the Reduction and Limitation of Armaments, *Documents of the Conference*, Vol. I, pp. 113 et seq.

such as the Franco Soviet Treaty of May 2, 1935,⁴⁹ or regional multilateral engagements like the organic statute of the Little Entente concluded on February 16, 1933⁵⁰ and the Locarno Treaty of Mutual Guarantee of October 16, 1925.⁵¹ Of these, the bilateral treaties have been considered most objectionable, for even though subordinated to the League Covenant, they tend to develop into alliances of the pre-war type. The multilateral pacts should, as far as possible, not be directed against any particular state outside the group of signatories, but provide the means by which all states within a given region of the world can enter into specific obligations to lend each other assistance in case of attack, no matter from what quarter. Article XVI would thus be strengthened if universal military sanctions of doubtful practicability were replaced by joint action on the part of states definitely interested in preserving security in the area or region of the globe affected by aggression.⁵²

One of the most important functions of sanctions is to act as a deterrent in the future.⁵³ If they are to have this effect, there must be a reasonable probability that they will be applied in all cases. Some authorities deny that "we can, if we would, create an international machinery of enforcement in any way comparable to the municipal in regularity of action. . . ."⁵⁴ Yet there need be no absolute certainty that sanctions will be imposed. The likelihood or even the possibility of collective action may be sufficient to deter a would-be aggressor. Some observers attribute League action against Italy primarily to British initiative and refuse to believe that Britain will rally to the defense of the Covenant in cases which do not closely affect its own interests. This view discounts completely the repeated protestations of British statesmen that their support of the Covenant in the Italo-Ethiopian conflict is not intended to be exceptional, but represents "a principle of international conduct to which they [the British people] and their govern-

ment hold with firm, enduring, universal persistence."⁵⁵ It ignores also the value of precedents. Now that the British have themselves been instrumental in applying sanctions, they will probably find it difficult to evade their Covenant obligations in the future. Thus the very fact that League members, with some few exceptions, have once been capable of collective action against an aggressor may be sufficient to induce countries to think twice before precipitating war.

OBJECTIONS TO SANCTIONS

The repression of war by means of sanctions is not universally hailed as a progressive step in the achievement of international order. Many regard it as unworkable and undesirable. Some condemn sanctions on the ground that they tend to generalize war rather than localize or isolate it. Others protest that it is impossible to define aggression, that no nation can be singled out and condemned as a criminal in the same way that individuals are arrested and punished as lawbreakers within a country. Still others oppose sanctions in the belief that they will tend to perpetuate the international *status quo*, together with its many injustices.

Sanctions are based on the assumption that any war, no matter in what part of the world, affects the interests of all countries so as to justify the community of nations in repressing it by coercive measures. The validity of this thesis has been challenged.⁵⁶ A war in the Chaco or in Ethiopia, it is claimed, affects only a few countries and is not worth the risk and sacrifices entailed in the application of sanctions. This contention, however, may not be entirely sound. For instance, if Italy is permitted to wage a successful war of aggression against Ethiopia, other countries, such as Germany, may be encouraged to realize their aspirations by force. Moreover, the League of Nations might lose its *raison d'être* for many states if it protected only certain of its members against attack and allowed others to become the prey of aggression. Collective action probably does involve the risk of war, and this risk is likely to be great so long as individual states remain heavily armed and thus able to defy the League of Nations. A substantial reduction of armaments would improve the chances of applying sanctions effectively, but would not entirely remove the danger of war. Ad-

49. *Le Temps*, May 25, 1935.

50. League of Nations, *Treaty Series*, Vol. CXXXIX, pp. 235-39.

51. *Ibid.*, Vol. XIV, pp. 291-301.

52. Mr. H. V. Hodson suggests regional treaties of mutual assistance for the following areas: Western Europe; Northeastern Europe; Central Europe; the Balkans and Southeastern Europe; the Mediterranean and Adriatic; South America; and the Pacific and Far East. Cf. *Some British Views on Collective Security*, Part II, Memorandum submitted to the Eighth International Studies Conference and General Study Conference on Collective Security held June 3-8, 1935 under the auspices of the International Institute of Intellectual Cooperation.

53. Cf. G. H. Cathorne-Hardy, *Some British Views on Collective Security*, cited, Part I, p. 71.

54. J. W. Brierly, "Sanctions," *Transactions of the Grotius Society* (London, Sweet and Maxwell, 1932), Vol. 17, p. 71.

55. Speech of Sir Samuel Hoare, British Foreign Secretary, before the Assembly of the League of Nations, September 11, 1935. League of Nations, *Verbatim Record of the 16th Ordinary Session of the Assembly, Fourth Plenary Meeting*.

56. Cathorne-Hardy, "The Obstacles to Collective Security," *Some British Views on Collective Security*, cited, Part I, pp. 67-68.

vocates of sanctions believe that the League must run this risk for the sake of setting a few precedents of successful collective action against an aggressor. Once these precedents are established, they claim, there will be little further occasion for the imposition of sanctions, since would-be aggressors will not want to incur the combined resistance of the community of nations.

The definition of aggression has always been the subject of much debate.⁵⁷ Opponents of sanctions point out that it is difficult to appraise the causes of war and to assess the blame even after the passage of many years. In their opinion any attempt to single out a nation as an aggressor is therefore likely to end in a miscarriage of justice. They seem to overlook the fact, however, that the League Covenant and the Pact of Paris have introduced new principles into international relations. In accordance with these treaties almost every country in the world has forsworn the practice of acting as its own judge in international disputes. Signatories of the Covenant have undertaken not to go to war before exhausting all peaceful means of settling their disputes and not to attack any country accepting the recommendations for a settlement proposed by the League. In practice the League has adopted departure from these obligations as the criterion of aggression. The League condemned Japan and Italy, not because they were held to have no legitimate grievances, but because they refused to permit their complaints to be examined and adjusted by the League. Although there has been no great difficulty in determining the aggressor in this sense, some countries have concluded treaties defining more precisely the acts constituting aggression.⁵⁸ The universal acceptance of this or other definitions, however, does not seem essential to the operation of the Covenant and the imposition of sanctions.

PEACEFUL CHANGE—A SUBSTITUTE FOR WAR

Probably the most serious objection to sanctions is the absence of a complete system for the peaceful solution of international disputes. An Italian commentator has said, "we must not organize the

repression of war by force without giving peoples other means—efficacious and not theoretical, platonic, derisory means—to satisfy their essential interests, their vital needs, without having recourse to war."⁵⁹ Since the war great strides have been made in the direction of compulsory arbitration and judicial settlement of international disputes.⁶⁰ Yet arbitral tribunals and the Permanent Court of International Justice cannot settle all conflicts. Their jurisdiction is confined to legal disputes in which the parties ask the Court to apply or interpret the law or to determine whether a given act is in violation of international obligations as determined by treaties, conventions or long-established usage. Unless the disputants consent to the application of principles of equity (that is, to a so-called *ex aequo et bono* decision), international courts have no power to change or disregard the law no matter how unjust it may be. Within every country the legislative branch of government discharges the function of abrogating unjust laws and of passing new or altering old laws in order to satisfy changing social and economic needs. In the international sphere, however, there is no legislature with effective power to revise unjust treaties, alter boundaries or otherwise satisfy legitimate aspirations for change. Thus it becomes easy to conclude that repression of war by sanctions would fail to fulfil the needs of a world which is dynamic, not static, and would only perpetuate the international *status quo* in favor of countries satisfied with their boundaries and possessed of ample territory such as Britain and France.

It would be an exaggeration to assert that peaceful means of accomplishing changes in international conditions are entirely lacking. The League Covenant itself provides such machinery. One need not attach too much importance to Article XIX of the Covenant which states: "The Assembly may from time to time advise the reconsideration by Members of the League of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world." The Assembly's power under this Article is only advisory. Nor is it certain that the Assembly, in view of the general requirement for unanimity in the Covenant, can

57. For a discussion of this question and a list of references, cf. Quincy Wright, "The Concept of Aggression in International Law," *American Journal of International Law*, July 1935, pp. 373-95.

58. Cf. the multilateral convention concluded on July 3, 1933 by the Soviet Union with Afghanistan, Estonia, Latvia, Persia, Poland, Roumania and Turkey (League of Nations, *Treaty Series*, Vol. CXLVII, pp. 69-77), and that of July 4, 1933 between the Soviet Union, the Little Entente states and Turkey (*ibid.*, Vol. CXLVIII, pp. 213-19); also the similar bilateral convention signed on July 5, 1933 by the Soviet Union and Lithuania (*ibid.*, Vol. CXLVIII, pp. 81-85).

59. Francesco Coppola, *Considerations sur l'idée de Sécurité Collective*, Italian Memorandum No. 1 submitted to the Eighth International Studies Conference of the International Institute of Intellectual Cooperation.

60. Cf. Helen M. Corey, *Compulsory Arbitration of International Disputes* (New York, Columbia University Press, 1932); also M. Habicht, *Post-War Treaties for the Pacific Settlement of International Disputes* (Cambridge, Harvard University Press, 1931); and M. O. Hudson, *By Pacific Means* (New Haven, Yale University Press, 1935).

give this "advice" without the consent of the states affected.⁶¹ More important in practice is the action possible under Article XV. This article permits the Council or the Assembly to recommend any solution for a dispute likely to lead to a rupture without taking into account the votes of the parties. It may propose considerable changes in international conditions or treaties, and has in fact done so. In the Sino-Japanese dispute, for example, the Assembly did not simply propose to restore the *status quo* in Manchuria, but induced China to accept a new and radically transformed régime for the territory.⁶² In the controversy over Leticia between Colombia and Peru, involving the "justice" of a boundary treaty, the Council proposed that the parties negotiate a "just, lasting and satisfactory" settlement and offered its good offices in case of disagreement on any point of procedure or substance.⁶³ Subsequently, on May 24, 1934, Colombia and Peru reached an agreement which opened up the possibility of modifying the boundary treaty by a decision of the Permanent Court of International Justice.⁶⁴ Again, when a dispute arose between Great Britain and Persia about the cancellation of the oil concession held by the Anglo-Persian Oil Company, the Council persuaded the two governments to enter into negotiations which produced an agreement on a new concession much more favorable to Persia.⁶⁵ And finally, in the Italo-Ethiopian dispute the Council proposed a settlement providing for international assistance to Ethiopia and even involving territorial changes.⁶⁶ The League is therefore not entirely devoid of machinery for changing the *status quo*.

It may be conceded that existing means of satisfying the legitimate aspirations of some countries

61. For a discussion of this point as well as the other questions arising out of Article XIX, cf. A. Wigniolle, *La Société des Nations et la Revision des Traités* (Paris, Rousseau, 1932). Sir John Fischer Williams believes that the question of unanimity is not important, holding that a majority vote in favor of change or revision may be as effective in fact as a unanimous vote, provided the large powers cast their votes on the side of the majority. Cf. *Some Aspects of the Covenant of the League of Nations* (London, Oxford University Press, 1934), pp. 180-81.

62. Sir John Fischer Williams points out that the Assembly report adopted under Article XV "proposed to guarantee to the Japanese a position in Manchuria which gave them more than their legal rights under the arrangements which existed at the commencement of the dispute. The recommendations embodied radical political changes." *Ibid.*, p. 183.

63. League of Nations, *Official Journal*, April 1933, p. 609.

64. For the text of this treaty, cf. *ibid.*, July 1934, pp. 933-38.

65. *Ibid.*, February 1933, pp. 252-53, and December 1933, pp. 1653-60.

66. Dean, "The League and the Italo-Ethiopian Crisis," cited, pp. 215-19.

for changes in international conditions are still inadequate, and that the members of the League should strive to elaborate them further. Meanwhile, must the League abandon all attempts to restrain states from resorting to force? To answer this question in the affirmative would be to admit that the use of force is conducive to international justice. History seems to show, however, that for every injustice removed by war one or two others arise in its place. Should Germany, for example, be allowed to reclaim Memel and Danzig by force, there is no assurance that it will not use this opportunity to annex territories to which it has no conceivably just claim. Similarly, if Italy conquers Ethiopia, it may then voice still other "legitimate" aspirations which would have to be satisfied by force. If the League is not to repress war until after the attainment of conditions regarded by all nations as just, it will have to become reconciled to an indefinite continuation of the rule of force.⁶⁷

The conclusions which may be drawn from this first attempt to apply the sanctions of Article XVI are necessarily tentative. With a few exceptions, League members have shown a remarkable degree of solidarity in supporting the Covenant. In taking action against Italy most states were probably prompted by a genuine conviction that their own security and interests would be jeopardized should the League succumb under the weight of successive failures. It is still too early to gauge the effectiveness of the sanctions thus far adopted. Much will depend on the duration of the war and on the persistence and good faith with which League members will carry out their obligations. While the economic sanctions may not be adequate to stop the war within six or even twelve months, they may exact from Italy progressively heavier sacrifices out of all proportion to the advantages expected from the conquest of Ethiopia. In the end Mussolini may yet be compelled to yield or at least to be satisfied with concessions falling short of his original demands. At the same time League action against Italy may have established a valuable precedent. Henceforth states disposed to disturb international peace will need to consider more seriously than in the past the possibility of incurring League penalties.

67. Sir John Fischer Williams concludes that it is "far easier first to establish peace and to trust that in a peaceful atmosphere justice will flourish, than first to establish justice, . . . and postpone the establishment of peace until that far-distant moment when every one will be satisfied that justice has been done." *International Change and International Peace* (London, Oxford University Press, 1932), p. 56.